

ECONOMIC DEVELOPMENT COMMISSION

**ANNUAL REPORT
TO
THE BOARD OF ALDERMEN**

FEBRUARY 28, 2002

ECONOMIC DEVELOPMENT COMMISSION ACTIVITIES AND RECOMMENDATIONS

I. Background

The Economic Development Commission (EDC) was established under General Laws chapter 40, section 8A to promote and develop business and industry within the City of Newton. The Commission was charged with strengthening the local economy leading to new job opportunities for residents and expansion of the City's tax base. City Ordinance Article 5, Section 22-75 lays out the governing provisions as summarized below:

1. The Commission shall consist of 15 members appointed by the Mayor.
2. The Commission has the power and duty to:
 - study, investigate, and appraise economic conditions and trends;
 - promote, assist, and encourage the preservation, development and location of new and existing Newton industry, business and commerce;
 - investigate and assist in the establishment of commercial projects and identify appropriate commercial areas and zones for such establishment;
 - prepare and distribute informational publications;
 - cooperate with civic agencies/commissions/associations, state/federal agencies, municipal departments and officials, and business associations and organizations;
 - advise and make recommendations to appropriate officials, agencies, boards, department, and commissions of the City.

This report is prepared and submitted to the Board of Aldermen in compliance with City Ordinance Article 5, Section 22-75 (g) (10).

II. 2001 in Review

The EDC has been and continues to be involved in a wide range of projects. Below is a synopsis of its major projects and activities undertaken in 2001:

- A. MDC Daly Ice Rink - The Daly Ice Rink, located on Nonantum Road, is a popular destination for organized hockey teams and public skating. Over the years, the rink has fallen into a state of disrepair. Recognizing the need of Newton residents to have access to good skating facilities and its valuable contribution to the City's overall quality of life, EDC began looking into ways of improving the physical structure. During Spring 2001, an intern working in the Planning and Development Department researched various MDC rinks and how different communities arranged for the rinks' financing/renovation/

- lease/transfer transactions. The research included gathering quantitative and qualitative data on rink operations, finances, and related services (see Attachment A). EDC has communicated its interest in the rink to MDC Commissioner Balfour and has held subsequent meetings with Mayor Cohen and Representative Peter Koutoujian.
- B. Newton Centre Triangle - The Newton Center Triangle is at an important juncture framed by Langley Road, Beacon Street, Union Street, Lyman Steet and Centre Street. Located at the center of this juncture is a surface parking lot surrounded by small retail businesses. Having a parking lot at the heart of the Centre detracts from its vibrancy and is uninviting as a gathering place for residents, shoppers, and other pedestrians. EDC took the lead in exploring how the space can be redefined to create a dynamic and multi-faceted center of civic life. EDC's preliminary study was followed-up by another study conducted by a group of graduate students at the Massachusetts Institute of Technology Department of Urban Studies and Planning. The students looked at the strengths and challenges of the site and developed a series of recommendations for consideration. Their findings were presented at two public hearings on November 14 and December 4. The report is available for viewing on the Planning Department's website.
- C. A Framework for Newton's Planning - EDC participated in the committee process and reviewed ***A Framework for Newton's Planning*** to offer feedback to the Planning Department. The Framework identifies consensus values for a planning framework and to guide later, more detailed studies leading to a comprehensive plan. EDC, in its recommendations, emphasized the need to address growth in the document and stressed the positive fiscal impacts of promoting economic development. EDC members, Carol Ann Shea, Chuck Eisenberg, and Fran Yerardi, served on the Framework Planning Committee. EDC also met with a representative of the Metropolitan Area Planning Council to discuss how local economic development strategy could fit into a larger, regional context.
- D. Telecommunications Distribution Facility - EDC members, Chuck Eisenberg and Peter Kai Jung Lew, assisted the Zoning and Planning Committee by providing information on the impact of a telecommunications distribution facility, also known as an "internet hotel." Mr. Eisenberg testified at two ZAP hearings and the zoning ordinance was subsequently approved on March 5, 2001.
- E. Staffing - There was a transition in EDC staffing. Primary staffing responsibility shifted from Tania Dobrowolski to Linda Walden. Linda Walden vacated her position in July 2001 and was replaced by Theresa Park in November 2001.

III. 2002 Plan

A. MDC Ice Rink - In 2002, EDC will continue to work with MDC and other parties to realize improvements to the rink. Given the tighter fiscal condition of the state and city, EDC will explore different financing mechanisms. Roger Matthews, as chair of the subcommittee, will continue to steer the project forward. EDC anticipates accomplishing the following action items in the coming year:

- ▶ Meet with appropriate MDC representatives to explore options for improving the rink.
- ▶ Coordinate with MDC and rink staff in developing a budget for capital improvements.
- ▶ Explore financial feasibility options for conducting such improvements.
- ▶ Meet with representatives from Waltham Veterans Rink to discuss their arrangements with MDC.
- ▶ Notify elected officials and other staff of the project's progress.

B. Newton Centre Triangle - EDC will focus its activities to developing a proposal containing recommendations for preferred uses for the site. The proposal will incorporate findings from various planning reports and input from businesses and residents.

- ▶ Review the MIT reports and identify recommendations for additional follow-up.
- ▶ Meet with Newton Centre businesses for their input.
- ▶ Meet with other City departments such as Engineering, Planning, Assessing, and Public Works for additional technical information.
- ▶ Draft recommendations and a plan of action.

C. Economic Development Coordination - EDC will leverage the skills and capabilities of other economic development organization and explore areas of collaboration by:

- ▶ Maintaining regular communications with with such groups as:
 - Newton-Needham Chamber of Commerce,
 - Women's Enterprise Initiative,
 - Massachusetts Office of Business Development,
 - Massachusetts Small Business Development Center,

- Metropolitan Area Planning Council, and
- area business associations.

‣ Working with City departments, committees, and boards to promote economic development as a vital component of the City's attractive quality of life including the Planning Department and Zoning and Planning Committee.

‣ Monitoring local, state, and federal legislation that may impact on Newton's businesses.

D. Programs and Services - Develop and deliver a comprehensive array of business assistance programs and services including:

‣ Real Estate Clearinghouse - The ripple effect of downturn in the economy is evident in increasing visibility of vacant commercial space in the City. A vacant storefront means no lease income for the property owner, less business traffic for adjacent businesses, and less tax revenue for the City. The City will reinitiate a Real Estate Clearinghouse in cooperation with property owners and commercial brokers to assist businesses seeking to locate or expand their business in Newton.

‣ Access to Capital - The City, through the Economic Development Advisory Committee (EDAC), offers microenterprise and economic development loans to expand the opportunities of local entrepreneurs while creating jobs for low- and moderate-income individuals. EDC's Charles Eisenberg also chairs the EDAC.

‣ Business Attraction/Retention - A series of village meetings will be conducted to obtain feedback from businesses and to learn how the City can provide a more favorable business climate.

‣ Socio-economic data - So that businesses may better understand their market, up-to-date socio-economic data will be compiled and disseminated to businesses and others upon request.

‣ Permitting assistance - New and existing businesses requiring permitting and licensing information can contact the City's economic development staff for assistance.

IV. **Commission Members**

A. Member Bios (in alphabetical order)

Elizabeth Brown - Ms. Brown has been an EDC member since January 2001. She is president and founder of Softeach, Inc., a 17-year-old computer

training and consulting firm. Softeach assists businesses through customized, on-site computer training and web site maintenance. She is a past president of New England Women Business Owners and a member of Small Business Association of New England.

Charles Eisenberg, Vice Chair - Mr. Eisenberg is a past chair of EDC and a member since May 1986. He has over 20 years of experience in real estate development and asset management. Mr. Eisenberg is a founding principal and chief administrative and financial officer of the LEA Group, Inc. He has served on the Newton Housing Partnership and is a past Vice-President of the Newton-Needham Chamber of Commerce. He is Chairman of the Economic Development Advisory Committee.

Bruce A. Gold - Mr. Gold was appointed to the EDC in April 1995 and currently chairs the Newton Centre Triangle Subcommittee. Mr. Gold co-founded and is a managing partner of Gold & Goldberg, LLP Certified Public Accountants. He has over 25 years of experience providing accounting service to businesses. Mr. Gold is active in many other civic organizations including American Jewish Committee, Temple Emanuel of Newton, and Massachusetts Society of Certified Public Accountants.

Jane Ives - Ms. Ives is a resident of Upper Falls and an EDC member since February 1997. She is a visiting professor at Framingham State College and a management consultant to corporations and educational institutions in the areas of executive training, energy policy, international business research, risk management, competitiveness, and entrepreneurship. She is also a member of World Boston, a non-profit organization promoting international educational exchange and business cooperation.

Peter Kai Jung Lew - Mr. Lew, an Auburndale resident, began serving on the EDC in February 1999. He has 25 years of experience as an architect, construction manager, and general contractor. He has designed and constructed wireless transmission sites and switches, lighting concepts, and commercial and residential projects. Mr. Lew's expertise was invaluable in developing recommendations to ZAP on telecommunications distribution facilities.

Joyce Marchette - Ms. Marchette was appointed to the EDC in January 1996. She was most recently the Executive Director of the Newton-Needham Chamber of Commerce. Prior to that, she spent 17 years working in commercial real estate. Ms. Marchette serves on the boards of Metro/Southwest Regional Employment Board, Newton Pride, and Newton Community Access Corporation.

Roger D. Matthews - Mr. Matthews has been an EDC member since August 1989. He brings to the Commission over 30 years of legal expertise in

business and employment litigation, insurance coverage, real estate, and environmental matters. He is currently serving as of counsel to Prince, Lobel, Glovesky & Tye. He was the chief counsel for the Massachusetts Department of Public Works. Mr. Matthews is also a member of the Newton Conservation Commission.

Daniel V. Pellegrini - Mr. Pellegrini has served on the EDC since September 1998. He is an engineer and a businessman with 40 years of professional experience in sales, marketing, engineering, and project management. He is currently a salesperson for Precision Sales, Inc. handling component/power supply lines for eastern Massachusetts accounts. Mr. Pellegrini is a member of the Institute of Electrical and Electronics Engineers, Inc. and has served in the U.S. Air Force.

Carol Ann Shea, Chair - Ms. Shea has been a resident of Newton for 30 years and an EDC member since December 1989. She is a real estate broker and owns Century 21 Garden City Homes, Inc. in Newtonville. She is a former member of the Newton Board of Aldermen, board member of John Barry Boys and Girls Club, trustee of the Jackson Homestead, board member of the Newton Senior Center, and board member of the Newton League of Women Voters.

Allen A. Weltz - Mr. Weltz joined EDC in November 1998. He has over 30 years of experience in commercial real estate, including the development and management of prime retail and office facilities, restaurants, and parking facilities. Since 1994, Mr. Weltz has been a principal of a commercial real estate firm advising hotel companies on income generating utilization of space.

Francis Yerardi - Mr. Yerardi was appointed to the EDC in June 1993. He is the owner of Yerardi's Restaurant located in Nonantum Village. The restaurant employs 25+ local residents. Mr. Yerardi's civic involvement includes Nonantum Business Organization as founding member, the Newton-Needham Chamber of Commerce as Vice-President, and Auburndale Co-operative Bank's Board of Directors.

B. Resignation

Mitch Fischman was elected to the Board of Alderman in November 2001 and thus resigned from the EDC. From the time he was appointed to EDC in 1985 to his resignation, Mr. Fischman brought insightful and thoughtful perspective to address complex development and planning projects. He was active in the Needham Street Study, he chaired the Newton Centre Triangle Subcommittee, served as a former EDC Chairman, and headed a subcommittee to create mixed-use zoning districts. EDC duly notes the

valuable contribution made by Mr. Fischman to the City through his work with the Commission.

C. New Appointments

Gerard Adams - Mr. Adams was appointed by the Mayor in January 2002 and approved by the Board of Aldermen in February 2002. He is McDonald Professor in the College of Business Administration at Northeastern University and Emeritus Professor of Economics at University of Pennsylvania. He has worked on broad range of empirical studies including models of commodity markets, energy, industries, regions, and nations.

New Member Recruitment - Effort is underway to recruit new members to the EDC. To ensure that all of Newton is represented in the Commission, concerted effort will be made to recruit individual(s) from Ward 2, from which there is no current representation.

D. Elections

New officers will be elected at the March EDC meeting. EDC members extend their appreciation to Carol Ann Shea for her leadership and guidance this past year as Chairperson and to Charles Eisengberg and Mitch Fischman for their commitment and role as Vice Chair.

E. Staffing

Theresa Park joined the Planning Department staff in November 2001 and is the staff person for the EDC. She brings over 10 years of professional experience in economic and business development.

ATTACHMENT A

An Ice Skating Rink for Newton

There has long been strong support among Newton residents for an ice rink to serve local needs. The MDC-owned Daly rink, on the Newton side of the Newton-Brighton border, serves some of this need, but is outdated. MDC Central Services Representative Brian Kerins says that because of Daly's age, demolition and rebuilding is likely in order. In addition to being enclosed, renovations will require adding amenities to the rink such as seating, lockers, team rooms and showers. The rink currently does have concession, skate rental and skate sharpening facilities.

A renovated ice rink would provide local teams and groups with adequate space to practice and host other teams for games, and would continue to meet the currently high demand at Daly for public skating. Newton skaters and hockey players would also gain the pride and sense of ownership that comes with a "home" rink. The city would also reduce costs by not paying to rent ice time. Between Newton North and Newton South, Newton's current ice rental costs are \$32,000 a year.

Demand and Competition

The current demand for ice time in the area is strong; the MDC coordinator of ice time says if all public skating hours were cancelled, he could easily rent every time slots to groups. Public skating is also very popular; Daly's public skate sessions attract more patrons than any other MDC owned rink. There is also a growing new demand: girls hockey is gaining popularity and will require more ice time as it expands.

The Daly rink could serve not only Newton residents, but also groups from the surrounding area. Watertown manager Tom Walsh finds that demand during the 12 weeks of hockey season is especially high. During that time, teams in other towns could look to Newton if facilities at the Daly rink meet their needs.

Because demand for ice time is so high, existing rinks are unlikely to create harmful competition for Daly, and renovation of the Daly rink is unlikely to be a threat to existing rinks. Both the Manager and Assistant Manager of the Watertown rink, a mere 2.2 miles from Daly, have offered to help Newton with the Daly project by visiting the rink and providing their own assessments of its needs.

Options for the Daly Rink

- 1) the MDC conducts major renovations, and gives or sells the rink (at nominal value) to the City
- 2) the MDC conducts major renovations, and leases the rink to the City
- 3) the City acquires the rink from the MDC and conducts renovations itself
- 4) the MDC conducts major renovations and continues to control the rink's operations

MDC Commissioner John Balfour is interested in leasing out ice rinks. The MDC has submitted bills in past years to allow the MDC to lease out any recreation facility, but none has passed through the legislature.

It may be preferable to have the MDC conduct renovations since it is best equipped to deal with river-related conservation issues and laws.

Rink Reference:

Watertown: city owned and run

Waltham: MDC owned and run; the city pushed for MDC to renovate
Arlington, Saugus & Canton: MDC owned, city leased

Financing and Securing an MDC Lease

According to Brian Kerins, if Newton secures the money (from the state or its own resources), the MDC will carry out any renovations the City wants.

Scenarios 1 & 2 require Newton's state legislators to acquire a state appropriation of funds and negotiate what the construction will include.

Scenario 2 (a lease for Newton) would also require legislative action. In the early 1980's the legislature granted permission to the MDC to offer \$1, 25-year leases of their ice rinks. Arlington, Saugus and Canton all got "caring rights" at the state level through such leases. Another legislative option, which requires a 2/3 vote by the legislature, would grant the MDC a five-year permit to lease the Daly rink to Newton. If Newton does decide to lease the rink, the lease agreement should include details of the construction that the MDC will conduct before the city takes over the rink's operation.

Other towns have been successful in obtaining state funds for MDC renovations of rinks with or without an MDC lease. Waltham legislators got funding for their ice rink renovations through a line item in the state budget. Arlington's legislator, Cusack, negotiated a deal with the state to get the MDC to do repairs before leasing the rink to the town. The rink got money from the City for start-up costs, which it paid back over the next five years.

At least one Newton State Legislator will have to support the rink proposal and push a state appropriation through the budget, as well as legislation allowing the MDC to lease the Daly rink. At the last Ice Rink subcommittee meeting Chuck mentioned Rachel Kaprielian, Cindy Stone Creem, and Peter Koutoujian as being most likely to secure an appropriation, although he noted that Ruth Balser and Kay Khan are also likely to be supporters.

Renovation Costs

Brian Kerins, of MDC Central Services, has suggested a complete rehabilitation for Daly, like that done in Waltham or Milton. Renovation and construction done at other rinks range from:

\$1.5 million in Watertown for a new floor and refrigeration system, and to fix the roof to \$3.5 million in Medford and Milton, each of which got complete rehabilitation by the MDC to \$6.5 million "soup to nuts", renovations in Everett, where the footprint of the rink was altered

Waltham legislators secured state appropriations for a nearly complete re-building of their rink in the mid 1990's, including a new roof, ice slab, internal walls, doors, heating and ventilation, lighting, scoreboards, exterior landscaping and more (the Planning Department has copies of the Waltham plans). The original estimate was \$2.5 million; actual costs were \$3.2 million.

Considerations Under Option #2: Leasing the Rink

If Newton leased the rink, the city would be responsible for all operating expenses, but would also have control of every daily function of the rink. The MDC will have less responsibility over the rink and the City will have an ice rink of its own. This option is also politically attractive since the MDC Commissioner has unofficially expressed an interest in leasing out the Daly rink.

An important consideration of leasing the rink is the cost involved. Most managers agree that ice rinks are not moneymakers. Those cities with rinks that make a profit or break even do so

only because the city picks up some of their expenses, like liability insurance or water bills. This is why Waltham took the other route: residents and legislators got state money appropriated for the MDC to renovate the rink, which is still MDC operated, and now the city has facilities to serve its hockey players. Under this scenario, Newton could get priority ice time.

One way to make a rink more economically feasible is to use the space year-round. Arlington makes around \$15K during the summer by renting out its rink to Parks and Recreation for a day camp, and by renting out space for groups to use batting cages and other indoor sports equipment. This may not be an option for Newton, however, since Community Boating uses the Daly rink for storage during the summer.

Annual Operating Costs (see attached budget chart)

Expenses at other rinks run from \$219,000 in Watertown, to \$313,469 in Canton, to \$315,000 in Arlington. In both Watertown and Canton, the city picks up some costs, like for water.

Annual costs for Major Expenses:

<i>Salary, Benefits etc:</i>	\$114K (Watertown) to \$138K (Canton) to \$133K (Arlington) Canton employs 3 FT workers & 12 PT; Arlington employs 20 PT
<i>Maintenance of Machinery/Equipment:</i>	\$11,588 (Watertown) to \$18,000 (Canton) Instead of contracting out for refrigeration and zamboni maintenance, it is much more cost efficient for rink employees to handle daily maintenance and small repairs, and to pay professionals just to service equipment at the start and close of each season. Annually in Watertown, this costs \$1,000 for refrigeration and \$300 for the zamboni (serviced only at the start of the season).
<i>Building/Rink Improvements:</i>	\$17,000 (Canton) to \$24,980 (Watertown) Arlington spends ~ \$25K a year in capital improvements (expenses for a newer rink would likely be lower)
<i>Electricity:</i>	Approximately \$54,000 in both Watertown and Canton
<i>Heating (gas):</i>	\$10,417 (Watertown) to \$12,500 (Canton)
<i>Liability Insurance:</i>	Canton's liability insurance is under the city's policy, which covers the entire Recreation Department - it's not a rink expense Northstar, a private rink in Worcester, spends \$101,426/year
<i>Other Costs:</i>	~\$92,000 Zamboni - An enclosed rink needs an electric zamboni (Daly's is currently propane operated).

Annual Income (see attached budget chart)

Based on its 2001 budget, Canton's income was \$303,000, for a net loss of \$10,000. Canton's manager notes that the rink's budget is tied to the town's Recreation Department, and that they actually make a small profit each year, around \$20 - 30,000. The discrepancy may be explained by the fact that the town covers some expenses.

Canton, & Arlington both have budgets that are separate from the city and from the Department under which they run (Parks and Rec. and Recreation, respectively). Canton's income is held in a city fund, however, and earns some interest. Watertown's rink income is deposited into the town's general fund and its budget comes out of the same fund.

Annual Income in Selected Categories:

<i>Public skating:</i>	\$12,500 in Canton
<i>Ice Rental:</i>	\$46,500 in Canton

Rates per Session:	Adults	Children	Public Skating Hours per Week	Ice Rental by the Hour
Canton	\$3	\$2	4 (2 each on sat/sun); during school vacations: 2 hours every day	\$140
Watertown	\$4	\$2	2 hours a week on Sundays	\$160
Daly	Free	Free	25 (throughout Thurs, Fri, Sat., Sun)	\$130

Concession: \$5,000 (Canton); to \$6,600 (Watertown-leases out the space for \$550 a month to a youth hockey group; to \$19,000 (Arlington - manager estimates they spend \$26K and receive \$45K)

Other Potential Sources of Income

skating lessons: Arlington and Watertown both offer group lessons once or twice a week, ranging from ~ \$5 - \$7 a class.

skate rental: Arlington charges \$2.50.

skate sharpening: Arlington charges \$3; Watertown leases out the space for \$350 a month

skate shop: Canton's skate shop sells skating accessories, but no apparel, which has too high an overhead.